

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 591 – HB 1129

March 8, 2011

SUMMARY OF BILL: Creates a one-time longevity payment to state employees and employees of higher education institutions. Directs that employees with at least one year of service prior to October 1, 2010, receive \$50 per year of employment. Creates a one-time equal-share longevity payment to licensed personnel within local education agencies (LEAs). Requires a minimum payment of \$150 and a maximum payment of \$1,250 on or about April 15, 2011.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$70,734,800/One-Time

Assumptions:

- According to the Tennessee Higher Education Commission (THEC), the Board of Regents (TBR) currently has 14,853 employees eligible to receive the longevity payment. Those employees have accumulated an adjusted total years of service, after accounting for the minimum and maximum amount payable, of 169,948 years. This will create a one-time increase in state expenditures of \$8,497,400 (169,948 years x \$50 per year).
- According to THEC, the University of Tennessee system has 7,201 employees eligible to receive the longevity payment. The total accumulated adjusted number of years for these employees is 99,779. This will create a one-time increase in state expenditures of \$4,988,950 (99,779 years x \$50 per year).
- According to the Department of Human Resources (TDHR), there are currently 44,900 employees eligible to receive the longevity payment. The total accumulated adjusted number of years for these employees is 540,969. This will create a one-time increase in state expenditures of \$27,048,450 (540,969 years x \$50 per year).
- According to the Department of Education, there are currently 76,235 licensed LEA employees.
- According to the Department of Finance and Administration (DFA), the LEA expenditure is based on the state share of 1.5 percent salary increase as calculated through the BEP formula. The 1.5 percent is the relative share of the amount of the bonus for state employees.
- According to DFA, the LEA longevity payment creates a one-time increase in state expenditures of \$30,200,000.

- The total one-time increase in state expenditures will be \$70,734,800 (\$8,497,400 TBR payments + \$4,988,950 UT payments + \$27,048,450 TDHR payments + \$30,200,000 Education LEA payments).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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